

PREPARED SURREBUTTAL TESTIMONY

OF

GLENN L. DAVIDSON

ON BEHALF OF

CENTRAL ILLINOIS LIGHT COMPANY

DOCKET NO. 00-0710

OFFICIAL FILE

ILL. D. C. DOCKET NO. CC-0710

CILCO 5.0

EXHIBIT 1
JAN 25/01 Reporter G.L.D.

1 Q1: Please state your name and business address.

2 A1: My name is Glenn L. Davidson and my business address is 300 Liberty Street, Peoria,
3 Illinois, 61602.

4 Q2: Are you the same Glenn L. Davidson who previously submitted direct and rebuttal
5 testimony in this proceeding?

6 A2: Yes, I am.

7 Q3: What is the purpose of your surrebuttal testimony?

8 A3: The purpose of my surrebuttal testimony is to respond to statements in the rebuttal
9 testimonies of Staff witnesses Anderson and Pearce.

10 Q4: Is Ms. Pearce's statement that "CILCO agreed to one of Mr. Anderson's overrun
11 penalty charge adjustments" accurate?

12 A4: No. Mr. Anderson makes a similar statement that is also inaccurate. What my rebuttal
13 testimony actually stated was "CILCO does not oppose" the adjustment. CILCO does
14 not agree with Staff's characterization of the charges as a "penalty," nor does CILCO
15 agree that the situation is similar to the circumstances in November for which Staff has
16 proposed an adjustment that CILCO does oppose. The May 14 situation concerned
17 tariff administration procedures only and in no way involved the physical capabilities
18 of CILCO's gas system and the operating conditions that existed during November
19 2000, ~~which Mr. Maas describes in his testimony.~~

20 Q5: Do you agree with Ms. Pearce's description of the revenues that CILCO excluded
21 from the PGA as "margins?"

22 A5: No, I do not. As I explained in my rebuttal testimony, CILCO collected a separate
23 charge for supplying natural gas commodities to the customers under these contracts.
24 The "margin," i.e., the difference between the revenue and costs associated with the
25 commodities of gas supplied under the contract, was \$42,000 and was credited through
26 the PGA. The only revenues not included in the PGA were for services whose
27 associated costs are not recovered through the PGA.

28

29 Q6: Are the costs "already recovered through base rates" as Ms. Pearce suggests?

30 A6: No. CILCO was not performing these services when the Company's base rates were
31 last established, so the associated expenses could not have been included in the test
32 year. For example CILCO recently spent \$2,700 to set up its SCADA system, inspect
33 the tap and adjust the meter for one of these customers in order to provide the gas
34 management services. None of these expenditures occurred during the Company's last
35 rate case test year, nor were they recovered through the PGA. In any event, base rate
36 revenues and expenses should be handled in a base rate proceeding. The PGA is
37 designed to match revenue and expenses associated with the pipeline transportation
38 and gas commodities purchased from pipelines and suppliers. Staff's approach is
39 inconsistent with the purpose of the PGA because it would include the revenues but
40 not all the expenses, and therefore conflicts with the goal of matching revenues with
41 expenses.

42 Q7. Does this complete your prepared surrebuttal testimony?

43 A7. Yes, it does.